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School Board
Fiscal Year Alternatives

Planning Services

Alberta

Alberta
EDUCATION

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To the Reader:

A STUDY OF SCHOOL BOARD FISCAL YEAR ALTERNATIVES

This report is of particular interest to senior educational and financial officials in Alberta school jurisdictions and to financial and administrative staff in Alberta Education. The report identifies the most appropriate fiscal year alternative for Alberta school boards and the factors to be considered in its implementation. The study addressed the impact of the change in school board fiscal year on the operations of school boards, counties, municipalities and the Departments of Education and Municipal Affairs.

The major implications of changing from the current calendar fiscal year to a program-based fiscal year are addressed in relation to program planning, budgeting, staffing, evaluation, reporting, timelines, administrative work load and the supplementary requisition. The school jurisdiction staff interviewed were virtually unanimous in choosing September 1 to August 31 as the preferred fiscal year.

Table 6 on page 59 of the report presents the proposed annual sequence of activities for school districts, school divisions, Alberta Education and county operations. The recommendations about implementation factors include a pilot project, communication and training, transitional activities and 1987 grants information.

Sincerely,

H. I. Hastings
Director
Planning Services

A STUDY OF
SCHOOL BOARD FISCAL YEAR ALTERNATIVES

Deloitte Haskins & Sells Associates

and

Nelly McEwen, Ph.D.

Under Contract to Alberta Education

Edmonton, Alberta

March 1985

ACKNOWLEDGEMENTS

We would like to thank the people who contributed to the completion of this study. We are indebted to the members of the School Board Fiscal Year Committee for their guidance and support. The members of the committee are identified on pages 2 and 3 of the report. We would like to thank the officials interviewed from provincial departments and from the Alberta Teachers Association and the Alberta School Trustees Association. We would also like to acknowledge the Canadian Teachers Federation for conducting the national survey of school board year-ends. Finally, we wish to express our gratitude to the superintendents, secretary-treasurers and administrators who participated in this study.

ABSTRACT

The purpose of this study was to identify the most appropriate fiscal year alternative for Alberta school boards and to analyze the factors to be considered in its implementation. The study addressed the impact of a change in school board fiscal year on the operations of school boards, counties, municipalities and the Departments of Education and Municipal Affairs.

The methodology consisted of: a review of financial data, legislation, documents and practices; and interviews with officials from provincial departments and organizations, and a sample of superintendents, secretary-treasurers and administrators from 14 school jurisdictions. Analysis of the impact of the proposed change focussed on the size (small, medium and large) and setting (rural and urban) of different types of school jurisdictions (public and separate school districts, divisions and counties).

The findings of the interviews with school jurisdiction officials varied depending upon the size, setting, location, population and assessment base of the school jurisdictions. The major implications of changing the fiscal year related to program planning, budgeting, staffing, evaluation, program reporting, timelines, administrative work load and the supplementary requisition. County administrators also expressed concern about shared services and possible duplicate audit requirements. School jurisdiction staff were virtually unanimous in choosing September 1 to August 31 as the preferred fiscal year.

Eighteen recommendations were made: these related to **annual requirements** for school districts, school divisions, Alberta Education and county operations; and **implementation factors** including a pilot project, communication and training, transitional activities and 1987 grants information.

EXECUTIVE SUMMARY

Purpose

The purpose of this study was to identify the most appropriate fiscal year alternative for Alberta school boards and to analyze the factors to be considered in its implementation. The study addressed the impact of a change in school board fiscal year on the operations of school boards, counties, municipalities and the Departments of Education and Municipal Affairs.

Methodology

The methodology consisted of: a review of financial data, legislation, documents and practices; and interviews with officials from provincial departments and organizations, and a sample of superintendents, secretary-treasurers and administrators from 14 school jurisdictions. Analysis of the impact of the proposed change focussed on the size (small, medium and large) and setting (rural and urban) of different types of school jurisdictions (public and separate school districts, divisions and counties).

Findings

The findings of the interviews with school jurisdiction officials varied depending upon the size, setting, location, population and assessment base of the school jurisdictions. The major implications of changing the fiscal year related to program planning, budgeting, staffing, evaluation, program reporting, timelines, administrative work load and the supplementary requisition. County administrators also expressed concern about shared services and possible duplicate audit requirements.

The program year includes a ten-month instructional period (September through June) during which students attend school and a two-month vacation

Findings (continued)

period during which schools are usually vacant permitting major maintenance, renovation and stocktaking. The timing and discharge of specific duties relating to the beginning (September and October) and end (May and June) of the instructional period are not amenable to change.

Planning and budgeting take place from January to April because education grants are announced in January, the equalized assessment is available in February, and education budget estimates are due April 30th when many jurisdictions also file their supplementary requisitions with their collecting authorities.

The reporting periods and deadlines for the Annual Education Report (AER) and the Audited Financial Statement (AFS) should coincide, because these reports present complementary information to allow for meaningful planning, budgeting, delivery and evaluation of educational programs.

The preferred program-based fiscal year by virtually all school jurisdiction officials interviewed was September 1 through August 31 because it: permits jurisdictions adequate time to plan, staff and schedule summer work; corresponds to the term of individual teacher and summer school contracts; places summer school at the end of the year (students usually take summer school to complete or upgrade the program requirements of the preceding instructional period); provides additional time to complete the Annual Education Report and prepare for the auditor; and permits completion of the AER and AFS with a full complement of educational and administrative staff after the summer vacation.

Recommendations

Annual Requirements - School Districts and Divisions

1. School districts and divisions should be required to change their fiscal year-end to August 31st.

Recommendations (continued)

Annual Requirements - School Districts and Divisions

2. The deadline for submission of school budget estimates should remain April 30th.

3. The deadline for submission of the annual Audited Financial Statement to Alberta Education should be three months after the end of the fiscal year, that is, on or before November 30th.

4. The deadline for submission of the Annual Education Report (AER) should coincide with the deadline for the Audited Financial Statement (AFS).

5. The supplementary requisition to collecting authorities should continue to be based on the calendar year.

Annual Requirements - Alberta Education

6. Alberta Education's grant announcements should be made no later than January 31st.

Annual Requirements - County Operations

7. Counties should submit school budget estimates, based on the program year, to Alberta Education by April 30th of each year.

8. Counties should submit a Statement of School Revenue and Expenditure (SSRE) to Alberta Education based on the program year September 1 to August 31 each year (PILOT PROJECT).

9. The Statement of School Revenue and Expenditure should be "reviewed" by an independent accountant (PILOT PROJECT).

Recommendations (continued)

Implementation Factors - Pilot Project

10. Alberta Education should conduct a comprehensive review of its existing reporting requirements for school districts, divisions and counties (PILOT PROJECT).

11. Alberta Education should fund a project in order to pilot certain recommendations before their implementation (PILOT PROJECT).

12. Consideration should be given to providing special funding for county operations (PILOT PROJECT).

Implementation Factors - Communication and Training

13. Alberta Education should establish a communications network to inform stakeholders of the rationale, process, implications and benefits of the proposed fiscal year change.

14. Alberta Education should provide inservice training to senior educational and financial officials to assist them in implementing the fiscal year change.

Implementation Factors - Transitional Activities

15. For school districts and divisions, an eight-month budget should be prepared as of the August 31 date which is immediately prior to the first program-based fiscal year.

16. For school districts and divisions, an eight-month audited financial statement should be prepared for the period covered by the eight-month budget referred to in Recommendation 15.

Recommendations (continued)

Implementation Factors - Transitional Activities

17. County operations must adjust their school accounting records as of the August 31 date which is immediately prior to the first program-based reporting period.

Implementation Factors - 1987 Grants Information

18. Alberta Education should announce grants information in 1987 which will accommodate these recommendations.

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I. INTRODUCTION AND BACKGROUND

The Government of Alberta is currently in the process of consolidating and coordinating a number of educational initiatives which, taken together, represent a sweeping, concerted effort to effect enduring improvement of education in Alberta (Alberta Education, 1985, p. 5). These initiatives include the School Act Review, the Management and Finance Plan, the Review of Secondary School Programs, the report of the Committee on Tolerance and Understanding, the Private Schools Study, and studied responses to various Ministerial Task Forces. These initiatives will be implemented through the revised legislation of the new **School Act** which is expected to be passed in the 1985 fall sitting of the legislature.

This report is concerned with recommending a program-based fiscal year to accommodate changes to the administration and funding of education in Alberta resulting from the implementation of Alberta Education's Management and Finance Plan.

Management and Finance Plan

The goal of the Management and Finance Plan (MFP) is to increase the responsiveness of the total educational system to the changing needs of students, parents and society in general. Central to the MFP is a greater emphasis on a partnership between school boards and the province in the planning, delivery and assessment of educational programs (ibid, p. 61).

Key components of the MFP are its streamlining of the funding process and its emphasis on evaluation. The new block funding structure provides school jurisdictions with greater responsibility and flexibility in how they use public funds to accommodate the needs of individual children in different programs. Accountability is effected through the establishment of evaluation policies which set out the roles and responsibilities of school jurisdictions and of Alberta

I. INTRODUCTION AND BACKGROUND

Management and Finance Plan (continued)

Education in the evaluation of students, teachers, programs, schools and school systems.

The MFP requires school jurisdictions to prepare annual program and financial reports. In addition to the annual Audited Financial Statement (AFS) which has always been required, school jurisdictions are now responsible for filing an Annual Education Report (AER) which describes local planning, programming and evaluation. These two types of information are expected to assist in improving education in the province.

At present, the reporting periods for program and financial information are different. Since educational programs are delivered primarily from September through June, the AER must be prepared on the basis of this school-based operational year including the summer months. The twelve months ending June, July or August then represent a program year. However, the AFS has always been prepared on the calendar fiscal year (January through December). If program and financial data are to be consistent to allow for meaningful planning, delivery, evaluation and interpretation, the reporting period for the two types of information should correspond.

Fiscal Year Committee

A School Board Fiscal Year Committee was appointed by Alberta Education to recommend a fiscal year more supportive of school board planning, budgeting, delivery and evaluation of educational programs.

The members of the School Board Fiscal Year Committee are:

- Association of School Business Officials of Alberta
  - Lloyd Jones - Edmonton Public School Board #7
  - Thomas Olson - County of Lethbridge #26
  - Donald Vizina - Rocky View School Division #41

I. INTRODUCTION AND BACKGROUND

Fiscal Year Committee (continued)

- Conference of Alberta School Superintendents
  - Len Miller - Sherwood Park RCSSD #105
  - Len Ross - Taber School Division #6
- Alberta Municipal Affairs
  - Jack Fleming - Municipal Administrative Services Division
  - Tom Forgrave (Vice-Chairman) - Municipal Administrative Services Division
  - René Gagné - Assessment Services Division
- Institute of Chartered Accountants of Alberta
  - Augie Annicchiarico - Yaremchuk & Annicchiarico
- Alberta School Trustees Association
  - Cliff Hosfield - Labor Relations
  - Lawrence Tymko - Education Services
- Alberta Association of Municipal Districts and Counties
  - Joe Smith - County of Barrhead #11
- Alberta Urban Municipalities Association
  - Kay McKenzie - Town of Vegreville
- Alberta Rural Administrators Association
  - Arnold Koberstein, County of Lac Ste. Anne #28
- Local Government Administrators of Alberta
  - Linda Davies - Town of Bon Accord
- Alberta Association of Improvement Districts
  - Gordon Stehr - Marmot Construction Ltd.
- Alberta Education
  - Jack Clarke - Finance and Administration Division
  - Bill Duke (Chairman) - Finance and Administration Division
  - Marshall Dzurko - Program Delivery Division
  - Neil Fenske (Recording Secretary) - Finance and Administration Division
  - Cliff Friesen - Finance and Administration Division
  - John Myroon - Finance and Administration Division
  - Deryk Norton - Finance and Administration Division

I. INTRODUCTION AND BACKGROUND

Fiscal Year Committee (continued)

In order to assist the committee with its deliberations, an independent study of school board fiscal year alternatives was approved and the subsequent contract awarded to Deloitte Haskins & Sells Associates.

The 23-member committee was responsible for guiding this study and recommending alternatives to the Minister of Education.

Study Objectives

The objectives of the study are to identify the most appropriate fiscal year alternative for school boards, and to analyze the factors to be considered in its implementation in order to assist the Minister of Education to develop a course of action.

Specifically, the study addressed the impact of a change in school board fiscal year on the operations of school boards, counties, municipalities and the Departments of Education and Municipal Affairs in the following areas:

- educational program planning and budgeting
- evaluation of educational programs and financial practices
- property assessment, school requisitions and property taxation practices
- accounting, financial year-end and financial reporting practices
- other areas which might be impacted by the change

For each of the above, the following tasks were performed:

- **description** and **analysis** of the **present situation** for the different types and sizes of school boards

1. INTRODUCTION AND BACKGROUND

Study Objectives (continued)

- identification of significant **advantages** and **disadvantages** for **each alternative** program-based fiscal year
- **selection** of and **rationale** for a favored alternative
- **recommendation** and **rationale** for one alternative program-based fiscal year
- **methodology** for adapting the recommended alternative to **county operations** while preserving the county fiscal year-end of December 31
- identification of **factors** in **implementing** the recommended alternative

Scope of the Study

This study was delimited as follows:

- Information was collected from different **types** of school jurisdictions and counties as well as from provincial departments and organizations expected to be impacted by the proposed change.

- Analysis of the impact of the proposed change focussed on the **size** and **setting** of different types of school jurisdictions.

- **Factors** affecting implementation, such as timelines, transitional year reporting and potential requisitioning problems, were investigated.

- Special accommodations for **county operations** were explored.

- Financial data for the calendar year 1983 were examined.

I. INTRODUCTION AND BACKGROUND

Overview of the Report

This chapter has provided background to the study and outlined the objectives and scope of the investigation. Chapter II describes the methodology for the study, and the approach used to collect and analyze the data. Chapters III and IV describe the current practices with respect to educational management and finance. Chapter V presents the views of the sample of school jurisdictions on the advantages and disadvantages of each alternative program-based fiscal year. Chapter VI is a synthesis of the findings in the previous chapters and the final chapter (VII) includes recommendations with respect to the selected school board fiscal year, annual requirements and implementation factors.

II. METHODOLOGY

This chapter describes the approach used to collect information pertinent to this investigation, to analyze the data and to formulate conclusions with respect to a fiscal year more supportive of the Management and Finance Plan. The general approach to the study involved: a review of relevant documentation and legislation; an examination of appropriate Alberta Government records; an investigation of current program and fiscal practices of school jurisdictions; and interviewing selected educational and governmental personnel.

Background Interviews

The approach required close cooperation between the study team and members of the school board fiscal year committee. After the initial meeting with members of the technical subcommittee, the study team interviewed a number of key education and municipal professionals to obtain important background information about all areas of the study. Representatives from the following government departments and educational organizations were interviewed:

- Alberta Education
  - Legislative Services
  - Finance and Administration Division
  - Planning and Evaluation Division
  - Program Delivery Division

- Municipal Affairs
  - Municipal Administrative Services Division
  - Assessment Services Division

- Edmonton Public School Board
  - Superintendent of Schools
  - Treasurer

II. METHODOLOGY

Background Interviews (continued)

- Alberta Teachers Association
  - Teacher Welfare

The study team also made a presentation to the joint meeting of the Alberta School Trustees Association (ASTA) Education Finance Committee and Education Finance Task Force. This meeting provided the ASTA with the opportunity to state its views about the proposed fiscal year change.

These background interviews provided information about the current practices with respect to the services provided by the departments, an interpretation of the impact of the proposed change on the operations of the different departments, and the identification of the appropriate legislation and other documentation of pertinence to the investigation.

Documentation and Legislation

The background interviews identified a number of documents and statutes which were examined to assist in developing recommendations. The legislation included the School Act, the County Act, the Municipal Government Act, and the Municipal Taxation Act. These were analyzed and relevant sections are reported in Appendix A.

Sample of School Jurisdictions

On the basis of the analysis of the documentation and legislation and the background interviews, a sample of school jurisdictions was selected for personal interviews about the impact of the proposed change on school jurisdiction operations, budgeting, accounting and taxation.

II. METHODOLOGY

Sample of School Jurisdictions (continued)

An interview protocol was developed and field-tested with members of the technical subcommittee. It requested information about educational and financial practices prior to and subsequent to the implementation of the Management and Finance Plan. It also addressed municipal timelines required for supplementary requisitions. Respondents were asked to identify advantages and disadvantages of three alternative fiscal year-ends (June 30, July 31 and August 31) with respect to planning, budgeting, evaluation, reporting, and audit and requisitioning requirements. Further, interviewees were asked to indicate factors which might impact the transition from the current calendar year to the proposed program year. This protocol served as the basis for the interviews with the superintendents, secretary-treasurers and/or county administrators.

The sample was selected to represent different **types** of school jurisdictions (public and separate districts, divisions and counties), different **sizes** (small, medium and large) and different **settings** (rural and urban). Table 1 presents the selected sample.

Once the sample was selected, two consultants from the study team visited each school jurisdiction and interviewed the superintendent and secretary-treasurer or county administrator/manager using the interview protocol and allowing for free discussion in keeping with the wishes of the jurisdictions. Interviews were conducted during the month of February.

While each different type, size and setting of school jurisdiction was sampled, six of the 30 Alberta counties (20 percent) were selected for interviews since they are expected to experience the greatest difficulty accommodating a school program-reporting year within their fiscal year-end of December 31.

Table 1

Sample School Jurisdictions

School Jurisdiction	Small	Medium	Large
Counties			
Flagstaff #29		*	
Lac Ste. Anne #28		*	
Leduc #25		*	
Smoky Lake #13	*		
Strathcona #20			*
Wetaskiwin #10		*	
Divisions			
Berry Creek #1	*		
High Prairie #48		*	
Rocky View #41			*
Public Districts			
Legal #1738	*		
Red Deer #104		*	
Separate Districts			
Calgary #1			*
Sherwood Park #105		*	
Stony Plain #151	*		

National Survey

In order to get a national perspective, the Provincial Departments of Education were surveyed by the Canadian Teachers Federation about the fiscal years of school boards across Canada. Provinces reporting a June 30th fiscal year-end were contacted about the rationale for this fiscal year and its perceived advantages and disadvantages.

III. EDUCATIONAL MANAGEMENT

This chapter briefly describes how education in Alberta is managed under the Management and Finance Plan. The reader is referred to Alberta Education's 1984 **Management and Finance Plan** publications cited in the references for comprehensive information about the MFP.

The Management Process

Alberta Education has modified its approach to the management and delivery of education in order to respond more effectively to current and anticipated future conditions. Central to this change is a greater emphasis on a partnership between the school jurisdictions and the province in the planning, delivery and assessment of educational programs. The new funding structure streamlines the funding process and provides greater autonomy and flexibility to school jurisdictions in determining how provincial funds are used to meet the needs of their students. While accessing provincial funds has been simplified, greater accountability has been effected by requiring school jurisdictions to provide annual reports of their programs and services, and through ongoing monitoring and evaluation. The new evaluation policies are a key feature of this approach (Alberta Education, 1984a, p. 1).

Table 2 presents a summary of the phases, steps, tasks and tools of the management process. This approach balances the inputs, processes and results of the educational enterprise.

Table 3 presents the change in emphasis in educational management brought about by the MFP. This shift in emphasis is expected to make both local and provincial governments more responsive to the changing needs of students and more accountable to the Alberta electorate. The improved information provided to Albertans is expected to result in increased efficiency and effectiveness in publicly funded education.

III. EDUCATIONAL MANAGEMENT

The Management Process (continued)

Table 2

A Summary of Educational Management*

Phase	Steps	Tasks	Tools
Planning and Development	1.	What to do	Purpose Philosophy Goals Policies Guidelines Objectives
	2.	How to do it	Procedures Regulations Implementation Plan Budget
Delivery	3.	Doing it	Implementation
Assessment	4.	How did we do	Monitoring Evaluation Audit
	5.	Adjustments	As required based on: 4.1 monitoring 4.2 evaluation 4.3 audit

* **Program Policy Manual** (2 Ed.), 1984b, pp. 84 - 87.

III. EDUCATIONAL MANAGEMENT

The Management Process (continued)

Table 3

Degree of Emphasis on Management Tools*

Management Tools	Degree of Emphasis Previous	Present
Policies	Low	High
Guidelines	Low	High
Regulations	High	Low
Procedures	High	Medium
Forms	High	Low
Pre-Audit	High	Medium
Post-Audit	Low	Medium
Monitoring	Low	High
Evaluation/Standards	Low	High
Annual Education Reports	Low	High

* **MFP Synopsis**, 1984a, p. 4.

Provincial Funding

Under the Management and Finance Plan, Alberta Education has modified its approach to funding education in the province. The 1984 - 1985 **School Grants Manual** identifies the components and conditions of each grant type. The new funding structure increases local responsibility, autonomy, discretion and flexibility in the use of provincial funds for education. This has been brought about through a lower level of conditionality with respect to certain provincial grants. The effects of the new block funding structure and post-audit claim payment basis result in school jurisdictions receiving their funds with a minimum of preconditions. Program and

III. EDUCATIONAL MANAGEMENT

Provincial Funding (continued)

financial accountability are realized through local and provincial monitoring and evaluation, the Annual Education Report and the Audited Financial Statement.

Evaluation Policies

A major component of the Management and Finance Plan is the introduction of evaluation policies which are expected to assist in the improvement of the quality of education in the province. Alberta Education has established policy statements to cover each of the five types of evaluation -- student, teacher, program, school and school system -- which are to be complemented by the development and implementation of policies, guidelines and procedures at the school jurisdiction level.

The provincial evaluation policies are:

- **Student** achievement in provincially prescribed programs will be evaluated to assist in the establishment, maintenance and advancement of standards.

- The performance of individual **teachers** and the quality of teaching practices across the province will be evaluated to assist in the provision of effective instruction to students and in the professional growth and development of teachers.

- **Programs** from Early Childhood Services to Grade 12 in Alberta will be evaluated to determine if the objectives are appropriate and if they are being attained in an efficient and effective manner.

III. EDUCATIONAL MANAGEMENT

Evaluation Policies (continued)

- Individual **schools** will be evaluated to assist in the establishment and maintenance of appropriate management, instructional and program standards that contribute to a high level of student development and achievement.

- The **school systems** of Alberta will be evaluated to assist school authorities in the management and operation of their physical, human and economic resources for the optimal benefit of students within their jurisdictions (Alberta Education, 1984b, pp. 70 - 78).

Program Reporting

Before the implementation of the Management and Finance Plan, school jurisdictions were required to file, on an annual basis, budget estimates and an audited financial statement. Under the MFP, school jurisdictions are now additionally responsible for preparing an **Annual Education Report** (AER). This public document is intended to provide Albertans with information about educational programs. The AER deadline was originally July 31 but has recently been changed to November 30 to give school jurisdictions more time to complete it.

The AER is expected to be a useful source of information to the public, the school jurisdictions and the government. Other perceived benefits of the AER are the facilitation of local decision making through improved information and accountability, and the stimulation of public interest in publicly funded education in the province.

The 1984 - 1985 Annual Education Report requires two types of information. The first is general information about a school

III. EDUCATIONAL MANAGEMENT

Program Reporting (continued)

jurisdiction such as a profile of the number and types of schools, trend information about student enrolment, evaluation policy updates, and plans and priorities for the 1985 - 1986 school year. The second type of information required for the first AER is program information about Special Education, the Building Quality Restoration Program, and information about at least one other program (selected from the Alberta Education Program of Studies, Program Policy Manual or locally developed programs).

The AER will complement the other sources of information, such as the Audited Financial Statement and ongoing local and provincial monitoring and evaluation, to assist Alberta Education and the school jurisdictions in formulating decisions.

IV. EDUCATIONAL FINANCE

This chapter describes the financial practices of Alberta school jurisdictions, including accounting, budgeting and reporting. It also describes how municipal and educational services are shared in a county system. The chapter concludes with an outline of school jurisdictions' supplementary requisitioning procedures.

Accounting

All school jurisdictions (including counties) maintain a general ledger for summarizing revenues and expenditures, for balance sheet accounting and for processing adjusting journal entries. The general ledger system provides for monthly reporting, when required, and for maintaining proper periodic accrual accounting of the results of the jurisdiction's operations and its financial position. Larger jurisdictions with computerized systems have also provided for year-to-date budget comparisons with revenue and expense accounts for reporting of budget variances.

For jurisdictions which do not prepare monthly financial statements, the fiscal year-end may be the only time during the year that they count and value inventory, record accounts receivable and accounts payable, and process adjusting journal entries to ensure that costs and revenues are accounted for in the proper fiscal period.

For county operations, where municipal and school accounts are segregated within the general ledger, a special requirement is that they must allocate certain "shared services" to reflect both municipal and school operations accurately. Otherwise, the accounting is essentially the same as for districts and divisions.

Budgeting

Budget estimates for districts and divisions must be filed with Alberta Education on or before April 30th of each year, although

IV. EDUCATIONAL FINANCE

Budgeting (continued)

extensions of this deadline are common. Alberta Education does not approve such budget estimates; they are required for informational purposes only.

Table 4 presents the major budget headings for school districts and divisions.

Table 4

School Revenues and Expenditures

Revenues	Expenditures
Provincial Government	Instructional
School Foundation Program Fund	Early Childhood Services
Department of Education Act	Elementary School
Other Provincial Departments	Junior High School
Federal Government	Senior High School
Tuition Fees	Special Education
Transportation Fees	Community Services
Alberta Municipalities	Administration
Supplementary Requisitions	Operation and Maintenance
Alberta School Authorities	Transportation of Pupils
Out of Province Local Governments	Capital and Debt Services
Private Organizations and Individuals	
Transfers	
Cafeteria Services	

IV. EDUCATIONAL FINANCE

Budgeting (continued)

For each of the functional expenditure breakdowns, the following details must be provided:

- Salaries
- Employee Benefits and Allowances
- Services Purchased and Contracted
- Supplies and Materials
- Transfers

For each of these more detailed object breakdowns, further details are required. For example, the required details for salaries are:

- Certificated Regular
- Certificated Temporary
- Uncertificated Regular
- Uncertificated Temporary

All jurisdictions use their budget estimates for planning purposes, that is, for planning their educational programs and administrative costs, and allocating these costs among expenditure categories. Total expenditures are usually kept within their budgeted revenues, unless a surplus or deficit is budgeted.

For jurisdictions which prepare monthly financial statements and comparisons to budget, the budget estimates are also used as a control mechanism, that is, they monitor in a formal way their year-to-date expenditures as compared to year-to-date budget. This is extremely important in larger jurisdictions; smaller jurisdictions are able to monitor their monthly expenditures on an informal basis.

IV. EDUCATIONAL FINANCE

Budgeting (continued)

For county operations, county school estimates are required to be submitted to Alberta Municipal Affairs on or before April 30th each year. Counties are also obliged to complete municipal estimates.

Reporting

School districts and divisions are presently required to file an Audited Financial Statement with Alberta Education on or before February 28th of each year for the current fiscal year-end of December 31st. This financial statement includes the following information:

- Exhibit 1 - Operating Fund Revenues by Object
- Exhibit 2 - Operating Fund Expenditures by Function
- Exhibit 3 - Operating Fund Surplus Account
- Exhibit 4 - Operating Fund Balance Sheet
- Operating Schedules (16 in number)
- Exhibit 1 - Capital Fund - Source
- Exhibit 2 - Capital Fund - Application
- Exhibit 3 - Capital Fund - Capital Invested Account
- Exhibit 4 - Capital Fund Balance Sheet
- Capital Schedules (11 in number).

Alberta Education is currently reviewing departmental financial reporting requirements from school jurisdictions. The review includes the Budget Report Form (BRF), the Audited Financial Statement (AFS) and the Program Accounting and Budgeting (PAB) Classification and Coding Manual.

Alberta counties are required to file a copy of their financial statement for the fiscal year ended December 31st with Alberta

IV. EDUCATIONAL FINANCE

Reporting (continued)

Municipal Affairs on or before February 28th of each year. The County Financial Statement includes a "County School Funds Report" which is also prepared for the fiscal year ended December 31st. The information required in the County School Funds Report is presented in Appendix B.

Annual financial reporting for all jurisdictions provides for comparison of actual to budget.

County Operations - Shared Services

As mentioned earlier, one of the accounting differences between counties and other jurisdictions is the special allocation required to account for "shared services". These services are essentially the resources which are shared by the municipal and school side of the operation. For example, utilities, administrative maintenance, stationery, equipment, supplies, administrative salaries and school and municipal maintenance are typically provided on a shared basis by counties.

These costs are normally allocated on a "square footage occupied" or "number of employees" basis, or a combination of both. Typically, utilities and administrative building maintenance are allocated on a square footage basis and other costs on either or both.

Usually, allocation ratios are determined at the beginning of the year so that when bills are paid and payrolls are processed, a predetermined percentage is charged to school operations and municipal operations. In other cases (for example, maintenance work on school vehicles by municipal employees or electrical, plumbing or carpentry work by school employees on municipal property), costs may be charged to the other operation on a work order basis.

IV. EDUCATIONAL FINANCE

County Operations - Shared Services (continued)

If special financial reporting for the school operation were required of counties on a program-based year, special adjustments would be necessary at the end of that period to ensure that all work order charges have been processed in the proper period.

Supplementary Requisitions

After the jurisdiction has budgeted and allocated all estimated expenditures for the year, and estimated its fees, grants and revenue from its own sources, the shortfall between total estimated expenditures and estimated revenues must be requisitioned from the jurisdiction's municipal collecting authorities. Taxes are billed and collected by collecting authorities (counties, cities, towns, villages, municipal districts and other municipal authorities).

The school jurisdiction must determine its supplementary requisition requirements and file these with its collecting authorities within 30 days of setting its budget estimates. In practice, most jurisdictions file their supplementary requisitions before the end of May each year. This gives each collecting authority time to prepare and mail tax notices to its ratepayers; tax notices segregate the municipal and school tax levies.

The collecting authority remits requisitioned funds to the school jurisdiction on a quarterly basis: March 15th, June 15th, September 15th and December 15th of each year. Normally, the March 15th quarterly payment is an advance based on the previous year's requisition figures. Adjustments are made later to reflect the current year's requisition.

In order for school jurisdictions to prepare and submit their supplementary requisitions, they must have the "equalized assessment"

IV. EDUCATIONAL FINANCE

Supplementary Requisitions (continued)

for each of their collecting authorities so that they can allocate their total requisition requirements among the collecting authorities which the school jurisdiction serves. These equalized figures are normally received from the Alberta Assessment Equalization Board by the end of February of each year. This allows the jurisdiction sufficient time to prepare its budget estimates and supplementary requisitions in time to meet the collecting authorities' taxation deadlines.

Appendix A outlines Alberta assessment, requisition and taxation practices.

V. INTERVIEW FINDINGS

This chapter presents the findings for the school jurisdictions with respect to their planning, budgeting, evaluation and reporting practices. It also includes the findings for the counties. These results represent the perceptions of the superintendents, secretary-treasurers and county administrators.

School Districts and Divisions

Program Planning

New programs are planned and initiated in response to factors such as: changing student needs; political pressure to introduce a new program; changing circumstances in the community due to the economy, changing student enrolment or other factors; or as the result of a school desiring to offer more or better services to its students.

The amount of time required to implement a new program depends on its priority. If a new program has high priority for a current year, it can be implemented very quickly because the resources will be assigned to planning and budgeting for it. A program of lesser perceived importance will take longer because fewer resources are brought to bear. Locally developed programs may also take longer since they must be developed rather than merely modified.

A new program is usually introduced at the beginning of a school year, that is, either in September, or in February if it is a semesterized high school course. During the initial implementation period, it is closely monitored and modified as necessary. At the end of the implementation period, the program is either maintained, revised or discontinued based on a formal or informal assessment.

V. INTERVIEW FINDINGS

School Districts and Divisions (continued)

Budgeting

Budgeting usually takes place from January to April. While preliminary estimates may be gathered from the individual schools before this date, the budgeting process does not formally begin until Alberta Education announces its provincial grants early in January, as these grants are the major source of revenue for school jurisdictions. The other important source of revenue is the supplementary requisition, which is a real property tax levied and collected for them by one or more collecting authorities. Budget estimates must be finalized and approved before these supplementary funds are requisitioned.

A key component of the grant structure to a jurisdiction is its student enrolment since provincial grants are distributed on the basis of the number of students. During the current economic recession, student enrolment has been fairly stable. (This was not the case previously when the economy was buoyant and families tended to move more frequently). Jurisdictions can predict fairly accurately how many resident students they will have in September by doing a straight-line projection of students from one grade to the next. Kindergarten enrolments are usually projected on the basis of preregistrations. Jurisdictions also have an indication of how many students will return to school on the basis of preregistrations.

School jurisdictions presently budget on the basis of the calendar year, which corresponds to their fiscal year and the period of their provincial funding. They receive provincial grants for the first six months of the current calendar year on the basis of the number of students resident in the jurisdiction on September 30th of the previous calendar year. For budgeting purposes, school

V. INTERVIEW FINDINGS

School Districts and Divisions (continued)

Budgeting (continued)

jurisdictions must **estimate** their grant revenues for the last four months of the current calendar year; these grants are based on their enrolments on September 30 of the coming instructional period.

Most medium and large school jurisdictions have computer facilities which permit them to forecast the cost of programs given different student and revenue levels. Small jurisdictions do not have such facilities and rely heavily on their previous year's audited financial statement for information. They may hesitate to budget earlier because of the perception that a budget is based on known variables rather than projections. School jurisdictions presently file their budget estimates for the calendar year with Alberta Education by April 30th.

While provincial grants are the major source of revenue, instructional salaries are the greatest expenditure. Annual salaries are usually paid to teachers in twelve equal payments, the cheques for the summer being distributed either at the end of June, or more commonly, throughout the summer months.

In medium and large jurisdictions, where there is a sizable teaching staff and separate schools for the different levels, instructional costs can easily be attributed to specific functions such as elementary education, junior-senior high, etc. In small jurisdictions which consist of multilevel schools, the actual instructional costs must be allocated to a particular function on the basis of estimates; the cost of a program is usually that of the teacher.

V. INTERVIEW FINDINGS

School Districts and Divisions (continued)

Budgeting (continued)

In rural jurisdictions which draw students from a large geographic area, transportation costs are a significant item. A change in student enrolment, which may seriously affect their grants, has expenditure repercussions mainly in transportation. Since small, remote jurisdictions maintain a skeleton instructional staff (providing minimum core provincial curricula), fluctuating student numbers may serve to seriously increase or decrease the cost per student of instruction.

Most school jurisdictions whose senior officials were interviewed, have decentralized the responsibility for a small portion of their budget to the schools (typically, books, supplies, materials and equipment). The central administration controls the remainder of the budget.

Staffing

Staffing decisions are usually made in May for the subsequent program year, and finalized in September when the exact number of students (and, therefore, grant revenue) is known. While jurisdictions budget for only four months (September through December) of their second program year within the calendar year, they are in effect committing themselves to the instructional staff for the entire instructional period (September to June) since teachers are not usually withdrawn during the course of an academic year.

The majority of teachers in a jurisdiction are on a continuous contract in which they continue their services from one year to the next. Teachers on temporary contracts must be given notice of

V. INTERVIEW FINDINGS

School Districts and Divisions (continued)

Staffing (continued)

termination by May 30th under the provisions of Section 92 of the School Act which states that notice of termination cannot be given in the 30 days preceding or during a vacation period of 14 or more days' duration.

The only year-end identified in the School Act is that of June 30 for the purposes of teacher retirement. Otherwise, a school jurisdiction is free to set its own program year as long as it provides students with 190 days of instruction and one school vacation of at least four consecutive weeks' duration.

Evaluation

A major thrust of the MFP is the development and implementation of local evaluation policies for students, teachers, programs, schools and school systems. Local student and teacher evaluation policies were to be developed by January 1985. Alberta Education expects jurisdictions to have their program, school and school system evaluation policies developed by June 30, 1985.

Student Evaluation

Student evaluation has always been part of a school jurisdiction's formal assessment procedure because marks are used to determine promotion from one grade or course to the next. In addition to teacher-assigned marks, standardized testing is used.

The provincial government currently has grade 12 diploma examinations in place as well as annual administration of achievement tests of specific subjects at grades 3, 6 and 9.

V. INTERVIEW FINDINGS

School Districts and Divisions (continued)

Evaluation

Student Evaluation (continued)

At present, there are two types of **grade 12 diplomas**: a general and an advanced diploma differentiated on the basis of the number of examinations written. Both types of diploma require the completion of 100 credits of high school courses. A general diploma requires completion of the English 30 or 33 examination. The advanced diploma requires completion of English 30, Social Studies 30, Mathematics 30 and one of Biology 30, Chemistry 30 or Physics 30. The student's final grade is based on a combination of 50% of the teacher's mark for the year's work and 50% for the examination mark. The minimum mark required to pass a grade 12 course is 50%.

At the **elementary** and **junior high school level**, the province administers, on a cyclical basis, examinations in language arts, social studies, mathematics and science to students in grades 3, 6 and 9. For example: in 1984, grade 3 students wrote the social studies test, grade 6 students wrote the language arts test and grade 9 students wrote the mathematics test; in June 1985, students in grade 3 will write the language arts test, grade 6 the social studies test and grade 9 the science test. In this manner students in grades 3, 6 and 9 write all of the achievement tests every four years. These achievement results are not used to determine students' marks but rather to determine the extent to which students meet the curricular objectives of the provincial programs over time. The results also provide a basis for comparing students from different school jurisdictions.

V. INTERVIEW FINDINGS

School Districts and Divisions (continued)

Evaluation

Other Evaluation

While student and teacher evaluations have always existed, the other types of evaluation (program, school and school system) have tended to occur on a less regular basis. These types of evaluation are now mandatory under the Management and Finance Plan.

Some teacher, program and school evaluations have been undertaken by school jurisdictions. Medium and large jurisdictions often have either assessment specialists or evaluation departments within their central administration so that there are some evaluation activities currently in place. However, small jurisdictions do not feel they have the resources, time or expertise to conduct these evaluations.

Teacher evaluations have tended to concentrate primarily on beginning teachers for purposes of determining tenure, that is, eligibility for a continuous contract. Some of the school jurisdictions have evaluated teachers on an ongoing basis but generally, teacher evaluation has not been a priority.

Program evaluations have not been widely practiced. When they have, it has usually been at the end of the implementation period of a new program, to determine whether it should be maintained, modified or discontinued. These evaluations tend to rely on surveying students, teachers and administrators. Alberta Education regional office staff have assisted school jurisdictions with these evaluations.

V. INTERVIEW FINDINGS

School Districts and Divisions (continued)

Evaluation

Other Evaluation (continued)

School evaluations have been undertaken by personnel within the school jurisdiction itself or by personnel from the provincial regional offices of education.

Aspects of school system evaluations have been conducted on the request of the Minister of Education or the board of trustees of the school jurisdiction.

Program Reporting

The current practice with respect to program reporting has been for the school jurisdiction to present an information report at the annual meeting held to present the audited financial statement. These reports have varied from informal verbal accounts of the school jurisdiction's progress by the superintendent, to formal written documents presented to members of the community.

The superintendents interviewed have indicated that the MFP's requirement of an Annual Education Report (AER) will require considerable time to prepare since the document will be public. Those who had considered what to include in the AER were concerned that the information in each report be comparable so that meaningful comparisons among school jurisdictions could be made. Moreover, superintendents felt that the AER should be due at the same time as the Audited Financial Statement if program and financial information are expected to correspond.

V. INTERVIEW FINDINGS

School Districts and Divisions (continued)

Program Reporting (continued)

A major concern about the AER is that not enough time has been provided to study its implications. The superintendents who participated in the pilot process were concerned that this did not include an actual pilot of the document, but rather Alberta Education informing them what should be included. They felt that it was important to attempt to formalize the AER and then to study the preliminary reports with a view to modifying the requirements to make the document more relevant and suitable to their purposes.

Timelines

Schools operate from September through June. Everything concerned with the operation of schools revolves around this period except the current fiscal year. Students are assigned to classes on the basis of grades which correspond to the school operational year. Teachers instruct students from September to June. July and August are the traditional holiday period for students and staff. During the summer months when no instruction is offered, inventory is taken and facilities are repaired and/or renovated.

It seems logical to have the program year (i.e., the school operational and summer period) correspond to the fiscal year since operational decisions are made on this basis; budgeting and reporting, to be effective planning and evaluation tools, should cover the same period.

Because of the time constraints on school operations, it is expected that jurisdictions must continue to do their budgeting during the early part of the year (January to April). According to many school

V. INTERVIEW FINDINGS

School Districts and Divisions (continued)

Timelines (continued)

jurisdictions, the provincial grant announcement date should remain in January because they have time during the early period of the year to do their budgeting. Since Alberta Education requires school jurisdictions to file their annual budgets by April 30th, a later grant announcement date (corresponding to the provincial government's budget announcement in late March) would allow them only one month to complete this task. The April 30th budget date is not really flexible since most collecting authorities require the supplementary requisition shortly after this date.

School jurisdictions were unanimous in choosing August 31 as the preferred year-end. Table 5 outlines the advantages and disadvantages of each option as perceived by the jurisdictions interviewed.

County Operations

Counties must retain their corporate fiscal year-end of December 31st. However, in order for Alberta Education to have financial information from county school operations which is comparable to the information received from other school jurisdictions, special school reporting by counties as of the school program fiscal year will be required. The following sections outline the concerns that county staff have with respect to this special reporting.

Administrative Work Load

It was felt that extra staff would be required, or a significant overtime burden placed on existing staff, to prepare the special reports required by Alberta Education. In addition to the report

Table 5

Advantages and Disadvantages of Alternative Year-Ends

Disadvantages	Advantages
JUNE 30	
Everyone busy completing school year-end requirements	At the end of school operation
All year-end bills not in until July or August	Divides calendar year equally into two
Teacher holiday entitlement would be at beginning of year	Previous AFS completed prior to beginning of new program year
Summer work scheduled on unapproved estimates	
AFS* work during holiday period when no one is around	
JULY 31	
Divides summer into two: summer school facility maintenance and renovation	One month after schools close allows for better inventory control
AFS due September 30 during peak fall time	Receipt of most bills
AUGUST 31	
Year-end runs into new program year	Teacher contracts run from September 1 to August 31
	Holiday entitlement at end of year
	10 months to plan, staff and schedule summer work
	Longer period after provincial grant announcement

* AFS - Audited Financial Statement (assumed due 2 months after fiscal year-end).

V. INTERVIEW FINDINGS

County Operations (continued)

Administrative Work Load (continued)

preparation itself, additional time would be required to count inventory, record accounts receivable and accounts payable and process other adjusting journal entries (which are ordinarily processed only at the fiscal year-end), to ensure that school transactions have been recorded in the proper accounting period. It was felt that were June 30th or July 31st selected as the end of the reporting period, the requirements would be extremely difficult to meet because most staff members take their vacations during July and August.

It was felt that deleting the requirement for the County School Funds Report as of December 31st would not compensate for the additional work required as of the school program year.

Independent Audit

Considerable concern was expressed by county staff as to the impact on independent audit fees should program-year school reporting comparable to that of the other school jurisdictions be required to be audited. Many counties had discussed this situation with their auditors, who indicated that auditing fees might increase anywhere from 10% to 50%. In addition, extra staff time would be taken up to prepare for the auditor and to assist him while he was conducting his special program-year audit.

Concern was also expressed as to whether the auditor would be able to express an opinion on the school accounts without doing an audit of the entire county operations at the end of the program year.

V. INTERVIEW FINDINGS

County Operations (continued)

Budgeting

Concern was expressed that if budgets for the school operation were now to be completed on a program-year basis, duplicate work would be required in converting program-year budgets to calendar-year budgets for overall county reporting purposes.

It was also felt that confusion might be caused for council, trustees and county staff in dealing with what might be described as "two different fiscal year-ends".

Although many counties had not thought through all the implications of the change, concern was expressed as to whether trustees would be presented with a program-year or a calendar-year budget for their approval.

In addition, counties wondered whether program-year budgets could be completed at the same time of year as calendar-year budgets are prepared. If not, work load patterns would be affected here as well.

Supplementary Requisitions

Most counties were concerned whether supplementary requisitions to the county municipal operation and other collecting authorities would remain on the calendar year, or whether the requisition might have to be based on the previous program year or the subsequent program year.

In addition, it was felt that basing the supplementary requisition on a period other than the calendar year might be confusing for council, trustees and other staff.

V. INTERVIEW FINDINGS

County Operations (continued)

Other Concerns

One county advised that its records retention cycles would have to change if school reporting was required on the program year. It was explained that records are moved from one storage area to another and filed on a calendar-year basis; with the change, school and municipal records might have to be segregated for this purpose. This was cited as an example of one of many small problems expected to be encountered.

A general concern expressed by many counties was the eventual outcome of the proposed change. The different reporting periods for municipal and school operations, together with the other concerns described above, resulted in apprehension that there might eventually be pressure for the municipal and school operations to be formally separated.

Program Year Preferences

Counties were almost unanimous in expressing their preference for August 31st as the most desirable school reporting year-end. The reasons given were as follows (which parallel to a high degree those of other school jurisdictions):

- Special reporting requirements would be completed in September and October when staff had returned from vacation.

- Budget estimates would be approved for July and August renovation and maintenance work well in advance of the work being undertaken.

V. INTERVIEW FINDINGS

County Operations (continued)

Program Year Preferences (continued)

- Most bills for the previous program year relating to school operations have been received by August 31.

Counties were very firm in expressing their belief that August 31st was the only workable school reporting year-end.

Several counties expressed the hope that should they be required to do special financial reporting on a program year, Alberta Education would be prepared to finance these additional costs.

VI. SYNTHESIS

Once the information from all sources had been collected, the study team synthesized the findings. The synthesis includes the educational environment, the program year, planning and budgeting, reporting and the alternative year-ends.

Educational Environment

The **size** and **setting** of school jurisdictions are important factors in the planning and budgeting of educational programs. Large jurisdictions (more than 10,000 students) located in Edmonton and Calgary, have a full complement of central administrative staff with individuals assigned to the coordination of and consultation for each of the academic disciplines: specialists in language arts, mathematics, special education, etc. In addition, they have accounting personnel who administer the financial requirements of the jurisdiction. Medium-sized jurisdictions (1,000 to 10,000 students), located in urban and suburban areas, divisions or counties, also have a number of central staff. Small jurisdictions (fewer than 1,000 students) usually have only a superintendent and a secretary-treasurer (or county administrator) who are expected to fulfill all the planning, budgeting, reporting and evaluating requirements demanded of them by the Management and Finance Plan. Small jurisdictions tend to be located either in remote areas or are separate school districts in smaller centres.

Medium and large jurisdictions offer all the provincially approved curricula as well as locally developed programs to respond to the unique needs and aspirations of their communities. Medium jurisdictions usually offer the complete instructional program but may be unable to offer some of the special needs programs such as special education, official and other languages, and vocational training. Small jurisdictions offer the approved curricula but can offer some of the "extra" special needs programs only through

VI. SYNTHESIS

Educational Environment (continued)

special arrangements such as tuition agreements with neighboring medium and large jurisdictions.

In addition to the disparities due to the size and setting of the school jurisdiction, there are disparities due to the **location**, the **population** and the **assessment base**. Small remote school jurisdictions may have too few students to make their programs economically viable; they offer the minimum core provincial program to serve the students at a higher per-student cost than that of larger school jurisdictions.

Small school jurisdictions may experience difficulty implementing the MFP because senior staff (the superintendent and the secretary-treasurer) have **less time** and **fewer resources** to fulfill its requirements. The superintendent in particular has to deal with day-to-day operational problems which do not leave a great deal of time to plan and formally evaluate. In addition, a superintendent may be an employee of one small jurisdiction with his services contracted to another small jurisdiction.

The Program Year

The program year can be divided into two segments on the basis of the types of activities in the schools. The ten-month instructional period covers September through June when students attend school. July and August represent the traditional summer vacation period for students and teachers; schools are usually vacant during these two months when major maintenance and renovations are completed and inventory is taken. Summer school is available to students who wish to fulfill or upgrade the program requirements of the previous ten-month instructional term.

VI. SYNTHESIS

The Program Year (continued)

The activities which must be completed during specific times during the instructional period (September to June) impose definite operational constraints. The **beginning** of a new program year is a hectic time for school jurisdictions. Administrative work is often required when different numbers of students than anticipated register in school due to movement in and out of the community. This may result in adjustments to grade assignments, regrouping of classes and the consequent shifting of teachers into or out of a school. By the end of September, students are usually settled into the school they will attend for the remainder of the academic year. Once the student count is finalized, the school jurisdiction can complete its provincial grant application forms for the current year. Grant application forms must be submitted to Alberta Education by the third week of October.

It is not feasible for school jurisdictions to assume a greater administrative work load during this peak time without seriously undermining the effectiveness of the educational operation.

Although schools are busy during November with the first student examination and reporting period, the central administration has somewhat more time to complete additional administrative tasks. Since accounting staff are not usually involved in the preparation of student report cards, they would be able to assist the auditor in completing the audited financial statement at this time.

The **end** of the instructional period (May and June) is another peak time for school operations. Instructional staffing requirements are usually determined during May as teachers must be notified of termination by May 30; school jurisdictions can estimate the number of students returning at this time. During June, teachers are

VI. SYNTHESIS

The Program Year (continued)

examining students and preparing final reports. The school staff as a whole is responsible for the preparation of year-end reports, such as the new Annual Education Report. Each school will probably prepare its school report by the end of June for submission to the central administration prior to the vacation period. Once the new program year begins in September, teachers are concerned with the new students and classes rather than the previous year's activities.

Central office staff could begin compiling the AER information from the individual schools during the summer months, and then finalize the AER for the school jurisdiction as a whole during the fall once all provincial examination results have been received. This information could be incorporated into the AER. However, by delaying the submission of the Annual Education Reports to Alberta Education, the provincial timelines with respect to the preparation of regional and provincial reports would have to change.

During the two-month summer vacation period when schools are empty, school jurisdictions complete their major maintenance and renovation projects. The planning, staffing and scheduling of this summer work is usually finalized prior to July and August.

Planning and Budgeting

Given the work loads during the two months at either end of the instructional period from September through June, school jurisdictions must continue to plan and budget for the subsequent program year during the same period of time it is scheduled now, that is, from **January through April.** Since the equalized assessments are usually received by school jurisdictions in February, they have two months to incorporate this information into their budgeting

VI. SYNTHESIS

Planning and Budgeting (continued)

strategy and to determine the supplementary requisition to their collecting authorities. April 30 is the practical deadline for many school jurisdictions to requisition their collecting authorities for their annual tax revenue. It also corresponds to the deadline for the submission of budget estimates to Alberta Education. Moreover, budgeting at this time of year means that school jurisdictions have completed a major portion of their planning well in advance of the program year. This allows school jurisdictions to attend to administrative requirements such as staffing, reporting and school year-end matters during May and June.

It is important that the provincial government announce its grants early enough so that school jurisdictions know their revenue base for the subsequent program year. While it is possible to do some preliminary planning and budgeting prior to receiving this information, the grant announcement should be made no later than the end of January. Thus school jurisdictions will know their provincial grant revenue and the equalized assessment at least two months before their estimates are due (April 30th) to Alberta Education or Municipal Affairs (for county operations).

Smaller jurisdictions perceive that they cannot budget for the coming year until the previous year's audited financial statement is available. This perception may hamper one of the primary intents of budgeting, which is to estimate, plan and control **future** expenditures. Presently, school budgets attach actual costs to programs which are already in place, as four months of the budget period have passed before the budget deadline. If planning is to be an important aspect of educational management, then school jurisdictions must assume some risks by planning and budgeting in advance of their actual operations. Under the proposed budgeting scenario, budget estimates are reported to Alberta Education by April

VI. SYNTHESIS

Planning and Budgeting (continued)

30 for the subsequent program year; school jurisdictions will not have their audited financial statements until the fall.

Reporting

Given the operational constraints on the program year with respect to required activities at specific times, school jurisdictions need additional time to prepare their Annual Education Reports. The July 31st deadline for the AER was not feasible for a number of reasons. The deadline allowed school jurisdictions only one month to analyze and compile the reports from each school. Moreover, provincial student achievement results are not available until the fall for school jurisdictions wishing to report this information in their AER. It is also desirable for program and financial information which cover the same period of time to have corresponding reporting deadlines.

Alternative Year-Ends

The perceived advantages and disadvantages of the three alternative fiscal year-ends reported by the school jurisdictions were presented in the previous chapter. As a year-end of July 31 places the summer months into two separate fiscal years, which would put summer school and maintenance and renovation work into separate fiscal years, it is not considered a viable alternative.

School jurisdiction officials were unanimous in expressing a concern with instructional staff salaries should June 30 be the year-end because vacation pay would be paid in the subsequent period. Even though teachers only work during the ten-month instructional period, their annual salaries are prorated over the entire program year so

VI. SYNTHESIS

Alternative Year-Ends (continued)

that they receive twelve paycheques. This would require special accounting adjustments at June 30th to reflect vacation pay as an expense of the completed program year. Moreover, problems relating to year-end accounting work being required during the vacation period make this alternative less attractive. This overrides the apparent advantage to June 30 of having the audited financial statement completed before the beginning of the subsequent school year (by August 31).

With a June 30th year-end, the estimates for summer maintenance and renovation work would be approved prior to the physical planning for this work. However, only two months would be available to schedule the work, tender the contracts and order the required materials. It would not be possible to complete these tasks during May and June. Since the summer is the busiest time for construction and maintenance work, school jurisdictions would be at a disadvantage relative to private industry to engage the necessary contractors, who may have already finalized their summer work schedules. Because the summer is the only time this work can be completed in empty school buildings, it is imperative that school jurisdictions have this work scheduled well in advance to permit them competition with the private sector in engaging the required staff.

The disadvantages described above seem to preclude June 30th as a viable fiscal year-end.

The national survey revealed that the ten Canadian provinces have either a calendar-based fiscal year ending December 31st, or a school-based fiscal year ending June 30th. Five provinces (Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia) currently have a calendar-based fiscal year. Four provinces (Newfoundland, Prince Edward Island, New Brunswick and Quebec) have a June 30th year-end;

VI. SYNTHESIS

Alternative Year-Ends (continued)

British Columbia is in the process of changing from a calendar-based to a school-based fiscal year effective July 1, 1985. The provinces reporting a June 30th fiscal year-end were contacted concerning the rationale for this alternative. The conversations with the provincial officials indicated that the June 30th year-end tended to have a historical basis relating to the usual practice of closing schools during July and August. The June 30th year-end, then, reflects a fiscal year corresponding to the school year. Whether the summer months are placed at the beginning (the other provinces) or the end of the fiscal year (the Alberta perspective) does not affect the comparability of financial data since both are based on a corresponding instructional period (September to June).

The preference for August 31st as the fiscal year-end is due to a number of factors. Schools operate from September through June; this leaves the two months during the summer as the traditional vacation period for students and staff. Since the operational year itself will not change, it was a question of deciding whether to assign the two summer months to the beginning or the end of the program year.

Assigning the summer period to the end of the program year reflects the belief that July and August activities and costs are primarily related to the operational year just completed. Students who attend summer school normally do so to complete or upgrade the program requirements of the previous instructional period. Teacher vacation pay is attributable to the preceding academic year. Summer maintenance activity relates primarily to the previous operational year.

The preferred year-end by virtually all jurisdiction officials interviewed was **August 31,** which has the following advantages:

VI. SYNTHESIS

Alternative Year-Ends (continued)

- permits jurisdictions adequate time to plan, staff and schedule summer work;
- corresponds to the term of individual teacher and summer school contracts;
- places summer school at the end of the year since students usually take summer school to complete or upgrade the program requirements of the preceding instructional period;
- provides additional time to complete the Annual Education Report and prepare for the auditor;
- allows for receipt of most payables over the summer;
- permits completion of the Annual Education Report and the Audited Financial Statement with a full complement of educational and administrative staff after the summer vacation.

VII. RECOMMENDATIONS

This chapter presents recommendations for changing from the current calendar fiscal year to a program-based fiscal year. The first section outlines the recommendations for the annual fiscal year requirements of school districts and divisions; it also addresses the special provisions required for county operations to account for their educational activities on a program-based reporting year. Table 6 presents the proposed annual sequence of events. The second section contains the recommendations for a three-year transitional period (1985 to 1988) including a pilot project, communication and training, transitional activities and the 1987 grants information.

Annual Requirements

School Districts and Divisions

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1. School districts and divisions should be required to change their fiscal year-end to August 31st.

The overriding rationale for this recommendation is that the activities performed during the months of July and August, and the costs relating thereto, pertain primarily to the previous rather than the subsequent program year. Moreover, with vacation periods falling traditionally in July and August for most staff, human resources are simply not available for conducting year-end accounting matters during the summer months.

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2. The deadline for submission of school budget estimates should remain April 30th.

VII. RECOMMENDATIONS

Annual Requirements (continued)

School Districts and Divisions (continued)

Although the recommended deadline remains unchanged, the fiscal period for which the budget estimates are prepared would now be the coming program year (September 1st to August 31st), rather than the calendar year. This means that school jurisdictions would be budgeting eight months further into the future than previously.

Although this recommendation will undoubtedly cause concern among smaller and some medium-sized jurisdictions, the salient fact is that a budget is a planning tool as well as a control tool. Budget estimates should be prepared in advance of the commencement of the period to which the budget applies.

In completing calendar-year budgets under the present system, jurisdictions are already faced with budgeting the first four months of the coming program year (September 1st to December 31st) before student enrolments are known. The fact that instructional staff for the coming program year are contracted before the final student enrolments are known means that the jurisdiction has traditionally committed itself to instructional expenditures for the first eight months of the next (calendar) budget year before the budget for that year is approved. This recommendation merely formalizes this process.

Additional support for this recommendation is that the interviewed school jurisdiction officials advised that they would simply not have the time to complete their budget process other than in the early part of the calendar year.

VII. RECOMMENDATIONS

Annual Requirements (continued)

School Districts and Divisions (continued)

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3. The deadline for submission of the annual Audited Financial Statement to Alberta Education should be three months after the end of the fiscal year, that is, on or before November 30th.

This recommendation provides the jurisdiction and its independent auditor with an extra month to prepare and audit the financial statement; presently, the annual financial statement must be submitted on or before February 28th, which is only two months after the end of the fiscal year.

The rationale for this recommendation is that school commences immediately after the recommended fiscal year-end of August 31st. As a result, jurisdictions will have less time available to work on year-end accounting and reporting matters. An extra month should alleviate this situation.

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4. The deadline for submission of the Annual Education Report (AER) should coincide with the deadline for the Audited Financial Statement (AFS).

Since the Annual Education Report and Audited Financial Statement cover the same fiscal period (September 1st to August 31st), they should be filed at the same time, November 30th of each year.

VII. RECOMMENDATIONS

Annual Requirements (continued)

School Districts and Divisions (continued)

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5. The supplementary requisition to collecting authorities should continue to be based on the calendar year.

With the proposed change in fiscal year, the budget estimates and annual financial statement will no longer be synchronized with the supplementary requisition period, which is the calendar year. It may be necessary for school jurisdictions to requisition collecting authorities by taking two thirds of the previous program year's budgeted "Tax Revenue", and one third of the coming program year's budgeted "Tax Revenue".

The expression "Supplementary Requisition" should not be used in budget estimates to avoid confusion; the expression "Tax Revenue" should be taken to mean parts of two calendar-year supplementary requisitions.

It will be necessary for school jurisdictions to accrue (as at August 31st of each year) approximately two thirds of the September 15th instalment which will be received after the end of the fiscal year. This amount represents the requisition for July and August which is not received until September. This amount should be shown as accounts receivable at August 31.

Since the calendar-year requisition will be retained, it will not be necessary to requisition a twenty-month period to synchronize school budgeting with supplementary requisitions.

VII. RECOMMENDATIONS

Annual Requirements (continued)

School Districts and Divisions (continued)

The collecting authority will receive the supplementary requisition at the same time as at present, and need not be concerned with how the requisition was calculated, or the fact that the requisition amount may not agree with tax revenue budgeted in a specific fiscal year. The existing payment schedule of March 15, June 15, September 15 and December 15 would be retained.

Alberta Education

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6. Alberta Education's grant announcements should be made no later than January 31st.

As school jurisdictions are required to submit budget estimates by April 30th, and their supplementary requisitions to collecting authorities shortly thereafter, they will need up to three months to finalize their budget estimates after the grant announcements are made. Preliminary budget work may be completed in January, including projected student enrolments for the coming program year, but with the importance of the grant announcements, much work must be left until after they are received.

This recommendation allows Alberta Education an additional three to four weeks to prepare its budget so that the date of the grant announcements is somewhat closer to those of other provincial departments. Delaying the announcements until March 31st would

VII. RECOMMENDATIONS

Annual Requirements (continued)

Alberta Education (continued)

place considerable strain on the resources of jurisdictions to complete their budgets by April 30th.

County Operations

As counties will retain their fiscal year-end of December 31st, special provisions will be necessary for them to comply with the school reporting period of September 1st to August 31st.

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7. Counties should submit school budget estimates, based on the program year, to Alberta Education by April 30th of each year.

In accordance with one of the thrusts of the MFP, it is important that the advantages of planning and budgeting in advance of the program year be realized by county school operations.

It should no longer be necessary for counties to file the County School Estimates, based on the calendar year, with Alberta Municipal Affairs. Presently, these detailed estimates are used only by Alberta Education.

The Alberta **Municipal** Budget Estimate Forms, which are required to be filed annually with Alberta Municipal Affairs, include four

VII. RECOMMENDATIONS

Annual Requirements (continued)

County Operations (continued)

schedules which require school function calendar-year budget information:

- FS3 - Estimated Operating Revenue
- FS3 - Estimated Operating Expenditures
- FS4 - Estimated Funded Capital Acquired
- FS4 - Estimated Capital Funds Applied

Each of these budget schedules requires a one-line entry for County School Functions. These amounts should be calculated by summing: two thirds of the amount for the previous year's school program-based budget **and** one third of the current year's school program-based budget.

It is expected that the focus of the board of education or school committee within the county for planning and budgeting purposes will be the program year (September 1 to August 31). The following recommendation suggests that counties report actual financial information on the same basis as other school jurisdictions to provide the control mechanism. Regular year-to-date financial reporting and comparison to budget should follow the program year.

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8. Counties should submit a Statement of School Revenue and Expenditure (SSRE) to Alberta Education based on the program year September 1 to August 31 each year (PILOT PROJECT).

VII. RECOMMENDATIONS

Annual Requirements (continued)

County Operations (continued)

The detailed content of this statement will be determined as part of the pilot project, but should correspond to the school budget estimates, and should include information on program-year expenditures and other financial information to be used in conjunction with the Annual Education Report. The deadline for this statement should be **November 30th**, to coincide with the deadline for the school district and division annual financial statements.

Once this new statement package is in place, it will be necessary for counties to conduct at least the following activities each year for the twelve months ended August 31st:

- count and value school inventory
- record school accounts receivable
- record school accounts payable
- adjust school prepaid insurance
- allocate "shared services"
- other adjusting entries as required

After the August 31 statement has been prepared, these adjusting entries may be reversed to simplify the subsequent accounting process. There will be no need to close out the school accounting records as of August 31 of each year.

Appendix B details the present requirements for the County School Funds Report. The form and schedule numbers and descriptions are included there. Alberta Municipal Affairs may require that forms 43A through 48A of the present County School Funds Report continue to be filed with their Department for the county fiscal year-end of

VII. RECOMMENDATIONS

Annual Requirements (continued)

County Operations (continued)

December 31st. The remaining schedules may continue to be required by Alberta Education (on an audited basis) as of the end of the fiscal year. If so, there may be no change in the reporting requirements for counties as of December 31st each year (subject to the review of those requirements in Recommendation 10).

The comparative budget figures which are required for the County School Funds Report as of December 31 should be determined in the same manner as outlined in Recommendation 7.

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9. The Statement of School Revenue and Expenditure should be "reviewed" by an independent accountant (PILOT PROJECT).

An audit engagement results in the expression of an opinion on financial statements, including whether such statements are presented fairly in accordance with an appropriate disclosed basis of accounting.

Should the Statement of School Revenue and Expenditure prepared for the twelve months ended August 31st of each year be required to be audited, increases in auditing fees charged to counties are anticipated. In order to express an audit opinion on school revenues and expenditures, an auditor must complete a balance sheet audit as well as an audit of the revenue and expenditure accounts.

VII. RECOMMENDATIONS

Annual Requirements (continued)

County Operations (continued)

Additionally, some auditors feel that an audit opinion cannot be rendered on the school accounts without also completing an audit of the municipal accounts for the same period. These facts preclude the practicality of requiring an audit of the Statement of School Revenue and Expenditure. The County School Funds Report as of December 31, however, could continue to be audited.

A "review engagement", on the other hand, requires an independent accountant to carry out certain procedures and to comment upon the financial statements without performing an audit. The independent accountant must satisfy himself, through procedures consisting primarily of enquiry, comparison and discussion, that the financial statements appear to be in accordance with an appropriate, disclosed basis of accounting and that the statements are plausible in the circumstances. At the conclusion of his review engagement, the independent accountant issues a report, in the form of "Accountant's Comments".

The wording for the "Accountant's Comments" should be as follows:

> I have prepared the accompanying Statement of School Revenue and Expenditure for the period September 1st, _____, to August 31st, _____ from the records of the County of _____ and from other information supplied to me by the county. In order to prepare this financial information I made a review, consisting primarily of enquiry, comparison and discussion, of such information. However, in accordance with the terms of my engagement, I have not performed an audit and consequently do not express an opinion on this financial information.
>
> (signed)
>
> _____
> Independent Accountant

VII. RECOMMENDATIONS

Annual Requirements (continued)

County Operations (continued)

It is expected that this work would be completed by the county's auditor. In the case of counties which are large enough to warrant an interim visit by the auditor to complete part of his audit examination, the Statement of School Revenue and Expenditure and the "Accountant's Comments" might be completed at the time of his interim visit.

For smaller counties, the requirement for this statement and "Accountant's Comments" may require a special visit to the county by the auditor. There will undoubtedly be extra costs to the county as a result, but this is unavoidable if the statement is to be submitted to Alberta Education on or before the recommended deadline of November 30th.

Revised Timelines

Table 6 presents the annual sequence of activities resulting from Recommendations 1 through 9.

Table 6

Proposed Annual Sequence of Activities

Month	School Jurisdictions	Counties	Municipalities (No changes)	Alberta Government
January	Budgeting	Budgeting	Budgeting	Budgeting **31 Announce Education Grants**
February	Budgeting	**28 File AFS**	**28 File AFS***	Announce Equalized Assessment
March	Budgeting	Budgeting	Budgeting **15 pay 1st Quarter SR**	Budgeting
April	**30 File Budget Estimates (BRF)**	**30 File Budget Estimates**	30 Receive Supplementary Requisition	**30 Receive Budget Estimates**
May	Staffing School Reports Year-end Preparation	School Staffing School Reports Tax Notices	Tax Notices	Analyze Budget Estimates
June	Student Exams Student Reports School Reports	Student Exams Student Reports School Reports	**15 pay 2nd Quarter SR**	
July August	Summer School Inventory Maintenance Renovation Compile School Reports	Inventory Maintenance Renovation Compile School Reports		Mark Student Examinations Release Grade 12 Transcripts
September	Begin School Year Finalize Staffing Count Students Compile AER Prepare for AFS	Begin School Year Finalize Staffing Count Students Compile AER Prepare for SSRE	**15 pay 3rd Quarter SR**	**30 Receive Student Enrolments**
October	Prepare Grant Applications Finalize AER Finalize AFS	Prepare Education Grant Applications Finalize AER Finalize SSRE		Release Student Examination Results Receive Grant Applications
November	**30 File AER and AFS**	**30 File AER and SSRE**		**30 Receive AER, AFS and SSRE**
December			**15 pay 4th Quarter SR**	

*** June 1 for cities**

Legend: AER - Annual Education Report
AFS - Audited Financial Statement
BRF - Budget Report Form
SR - Supplementary Requisition
SSRE (Proposed) Statement of School Revenue and Expenditure

Bold dates indicate deadlines

VII. RECOMMENDATIONS

Implementation Factors

It is expected that the fiscal year change will be phased in over a three-year period. This timeline allows Alberta Education and the school jurisdictions the opportunity to investigate alternative approaches to those recommended in this report. Alberta Education should sponsor a pilot project for jurisdictions wishing to pilot the recommendations in the 1985-1986 program year. The pilot will provide evidence of the viability of the selected alternatives. This information can then be incorporated into the 1986-1987 program year when school jurisdictions will have the option of changing their fiscal year. Changing to a program-based fiscal year should be mandatory for 1987-1988.

Pilot Project

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10. Alberta Education should conduct a comprehensive review of its existing reporting requirements for school districts, divisions and counties (PILOT PROJECT).

This review should include the content and format of the Audited Financial Statement, the Budget Report Form, the Annual Education Report (now being developed), the grants application forms, and the Program Accounting and Budgeting System which supports the reporting requirements. The purpose of the review is to ensure that the existing requirements are consistent with the objectives of the Management and Finance Plan.

This review should be conducted during the pilot year, that is, September 1, 1985 to August 31, 1986.

VII. RECOMMENDATIONS

Implementation Factors (continued)

Pilot Project (continued)

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11. Alberta Education should fund a project in order to pilot certain recommendations before their implementation (PILOT PROJECT).

The pilot project should involve a sample of school districts, school divisions and counties, and should be designed to test the feasibility and practicality of the following recommendations, which have been discussed earlier:

8. The Statement of School Revenue and Expenditure
9. The "Review" of the Statement Specified in 8.
10. The Reporting Requirements

The recommended procedure or approach itself should be investigated, together with appropriate alternatives to these recommendations to be determined by Alberta Education.

The pilot project should be conducted during the period September 1, 1985 to August 31, 1986.

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12. Consideration should be given to providing special funding for county operations (PILOT PROJECT).

VII. RECOMMENDATIONS

Implementation Factors (continued)

Pilot Project (continued)

As there will undoubtedly be additional costs involved for counties to conform to the program-year requirements, financial assistance should be provided to assist in defraying these expenditures. For the pilot project period, counties should be asked to account for the additional costs incurred in conforming with the special reporting requirements. This information could be used in determining the amount of any reimbursement by Alberta Education for the pilot year, the transitional year and the implementation year. It should be emphasized that only costs which would not otherwise have been incurred are relevant; for example, prorating salaries of administrative staff who would have been paid for the entire year without the proposed changes would not be appropriate.

Communication and Training

The three-year transitional period provides Alberta Education with sufficient lead time to prepare school jurisdictions for the proposed fiscal year change. During the transition, Alberta Education should set up a communications network and provide inservice training for senior administrators.

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13. Alberta Education should establish a communications network to inform stakeholders of the rationale, process, implications and benefits of the proposed fiscal year change.

It became evident during the interviews with senior administrators in the school districts, divisions and counties, that there was

VII. RECOMMENDATIONS

Implementation Factors (continued)

Communication and Training (continued)

considerable apprehension about the implementation of the proposed program-based fiscal year. This apprehension may be shared by municipal bodies. This anxiety can be attributed in part to the effect of any intended change on people and their institutions. However, concern was also due to the lack of information these officials had with respect to the proposed change.

Alberta Education must be sensitive to these concerns and strive to alleviate them. It should make every effort to involve stakeholders in meaningful dialogue on the recommended fiscal year change to ensure that the educational community understands its rationale, process, implications and anticipated benefits. Direct participation in the change process often dissipitates perceived problems.

Alberta Education should take every opportunity to address senior administrators at conferences, workshops, conventions, etc. Written communication vehicles such as frequent updates, recommended procedures and background discussion papers would also be helpful.

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14. Alberta Education should provide inservice training to senior educational and financial officials to assist them in implementing the fiscal year change.

The preceding recommendations for school districts, divisions and counties have outlined the procedural changes which need to be made

VII. RECOMMENDATIONS

Implementation Factors (continued)

Communication and Training (continued)

to implement the program-based fiscal year. These procedures will require careful study and practice to be successfully incorporated into school jurisdictions' existing managerial and financial practices. Alberta Education must provide the necessary training to program and financial personnel so that they can make a smooth transition from the current calendar-year fiscal procedures.

The pilot and transitional years give the provincial government sufficient time to prepare school jurisdictions for the change.

Transitional Activities

School jurisdictions have the option of changing to a program-based fiscal year during the pilot project (1985-1986) or the transitional period (1986-1987); the change should be mandatory for the implementation year (1987-1988). Regardless of the choice, jurisdictions will have to adjust their accounting records as of August 31 prior to the first program-based fiscal year.

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15. For school districts and divisions, an eight-month budget should be prepared as of the August 31 date which is immediately prior to the first program-based fiscal year.

This transitional budget will fill the gap between the calendar fiscal year ended December 31 and the start of the program-based fiscal year commencing September 1. This budget should be submitted

VII. RECOMMENDATIONS

Implementation Factors (continued)

Transitional Activities (continued)

to Alberta Education on or before the previous April 30, together with the program-year budget for the coming year. This eight-month budget will be for planning and controlling the "stub" period.

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16. For school districts and divisions, an eight-month audited financial statement should be prepared for the period covered by the eight-month budget referred to in Recommendation 15.

This special audited financial statement will cover the "stub" period January 1 to August 31. The deadline for submission of this special financial statement should be November 30.

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17. County operations must adjust their school accounting records as of the August 31 date which is immediately prior to the first program-based reporting period.

In order to prepare for the first year that the Statement of School Revenue and Expenditure will be required, counties must prepare adjusting journal entries as of August 31 of the previous period to ensure that no revenues or expenditures which relate to periods prior to September 1 are inadvertently recorded in the subsequent period. This will involve the assistance of the county's independent accountant, but will not require accounting records to

VII. RECOMMENDATIONS

Implementation Factors (continued)

Transitional Activities (continued)

be closed out or special financial reporting to be prepared for the year prior to implementation.

It will also be necessary for counties to count and value their school inventory preparatory to adjusting their accounts as of August 31. Once the accounts are adjusted, a trial balance as of August 31 should be taken off for use in preparing the subsequent program-year statement.

1987 Grants Information

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18. Alberta Education should announce grants information in 1987 which will accommodate these recommendations.

In order to accommodate the change in school foundation program funding to the program-based fiscal year, the 1987 grant announcements should remain in early January and must accommodate both the eight-month "stub" period and the coming twelve-month program fiscal year. School jurisdictions may then have two separate budgets to prepare based on these announcements.

REFERENCES

Alberta Education. **Partners in Education.** Proposals for Amending the School Act and Related Legislation. Edmonton: Government of Alberta, January 1985.

Alberta Education. **Management and Finance Plan Synopsis.** Edmonton: Government of Alberta, 1984a.

Alberta Education. **Program Policy Manual** (Second Edition). Edmonton: Government of Alberta, 1984b.

Alberta Education. **School Grants Manual.** Edmonton: Government of Alberta, 1984c.

Alberta Education. **PAB Classification and Coding Manual** (Revised Edition). Edmonton: Government of Alberta, 1984d.

Alberta Municipal Affairs. **Report of the Study Committee on Equalized Assessment.** Edmonton: Government of Alberta, 1983.

Government of the Province of Alberta. **Revised Statutes of Alberta 1980**: Chapters C-27 (County Act); M-26 (Municipal Government Act); M-31 (Municipal Taxation Act); S-3 (School Act).

ASSESSMENT, REQUISITION AND TAXATION PRACTICES

Definitions (continued)

Equalized Assessment: (continued)

equalized assessments, the municipality (collecting authority) can be requisitioned (Report of the Study Committee on Equalized Assessment).

Supplementary Requisition:

A formal request from the Board of Trustees (requisitioning authority) of a school jurisdiction to the municipality for funds to meet its school expenditures. The requisitioning authority apportions its requisition among the collecting authorities to which it provides educational services (School Act).

The requisition mill rate is determined by the municipality to meet the amount of the requisition of the school jurisdiction.

Municipal payments to the school jurisdiction for the amount requisitioned is made in equal quarterly instalments on or before the 15th day of each of the following months: March, June, September, December (School Act).

Taxation:

The municipal collecting authority determines the amount of tax revenue it needs to meet its municipal requirements and supplementary requisitions (Municipal Taxation Act).

Taxes are levied on owners of real property. The amount of tax is based on the live assessment of the property and improvements (building, structure, equipment, mobile unit). Each property is assessed by municipal assessors (Municipal Taxation Act).

ASSESSMENT, REQUISITION AND TAXATION PRACTICES

Appendix A provides an explanation of the terms and legislation relevant to assessment, requisition and taxation practices. Reference sources are primarily the **Report of the Study Committee on Equalized Assessment** (1983) and the **School Act, Municipal Taxation Act, Municipal Government Act** and **County Act.**

Definitions

Live Assessment:

The assessment upon which property taxes are levied by the collecting authority. The manner in which live assessments are determined is defined in the Regulations to the Municipal Taxation Act, Part 1 (Report of the Study Committee on Equalized Assessment).

Equalized Assessment:

The total assessment in a municipality as if a general assessment had been completed one year ago and discounted to 20% of full value.

The purpose of the equalized assessment is to place a comparable value on each municipality so that general assessments completed at different times under varying market conditions are brought to a common basis.

One of the applications of the equalized assessment is to facilitate funding the Provincial School Foundation Program and to equitably tax the municipalites which collect the supplementary school requisition on behalf of the school jurisdictions. The equalized assessment is used to apportion the requisition among municipalities. Once the school jurisdiction is advised of the

ASSESSMENT, REQUISITION AND TAXATION PRACTICES

Definitions (continued)

Taxing Authority:

Municipal Council authorizes the Municipal Secretary to levy tax on all property shown on the assessment roll to produce the necessary tax revenue (Municipal Taxation Act).

Municipal Council may authorize the use of two tax notices:

- one relating to the taxes imposed as a result of requisitions by school jurisdictions called the "supplementary school tax notice", and

- the other relating to all other taxes called the "municipal tax notice" (Municipal Taxation Act).

The Municipal Council requires that taxes be paid in full or by instalments to the Municipal Secretary within a given time period (Municipal Taxation Act). Tax collections have no bearing on the quarterly payment to school jurisdictions for amounts requisitioned.

Collecting Authority:

A municipality which has the authority to levy taxes on real property. "Municipality" includes any one of the following:

- city
- town
- village
- summer village
- county

ASSESSMENT, REQUISITION AND TAXATION PRACTICES

Definitions (continued)

Collecting Authority (continued)

- municipal district
- improvement district
- special area
- collecting school district
  (Report of the Study Committee on Equalized Assessment).

Relevant Legislation

School Act:

61(1) The School Board submits names and addresses of electors whose property is liable to assessment.

68(3) Notice of property assessment to corporations is forwarded on/before December 15 and becomes effective the following December 31.

71(1)(2) The municipality establishes mill rates with respect to school requisitions according to regulation guidelines.

74 An officer of the Board must prepare a financial statement for the prior fiscal year (January 1 - December 31) by February 15 each year.

77(1) The auditor shall forward an audit report of the Board financial statement to the Minister and the Board on/ before February 28.

ASSESSMENT, REQUISITION AND TAXATION PRACTICES

Relevant Legislation (continued)

School Act:

126(1) The Alberta Assessment Equalization Board shall apportion among the districts (public and separate) and divisions (wholly or in part within a municipality) the equalized assessment established for the municipality.

128(1) The district or division Board calculates its total basic requisition on each municipality according to regulation guidelines.

129(1) The Board will submit its requisition to the municipality 30 days after adopting its estimates.

136(1) Each municipality shall pay to a Board the amount requisitioned in quarterly instalments on/before the 15th day of March, June, September and December.

137(3) Each municipality must pay into the School Foundation Program Fund each year. Instalments are to be made on or before August 1 and November 1.

Municipal Taxation Act:

27(1) The assessor completes the property assessment for taxation purposes by December 31.

28(1) Council may authorize the assessor to use the current year assessment for the upcoming year. The by-law to effect this must be passed on/before November 30.

ASSESSMENT, REQUISITION AND TAXATION PRACTICES

Relevant Legislation (continued)

Municipal Taxation Act:

37 The assessment roll shall be prepared by the assessor on/before February 15.

39(1) Assessment slips shall be mailed to those noted on the assessment roll by the Municipal Secretary on/before February 28.

52 Complaints regarding the assessment are determined by the Court of Revision 150 days after publication of the notice (on/before February 28).

61(1) The assessment roll is confirmed, altered or amended as a result of decisions by the Assessment Appeal Board.

91 Property and business taxes levied for any year are imposed and are deemed due from January 1 to December 31 of the current year.

93 The Municipal Secretary is authorized by Council to levy tax and produce sums necessary to meet the school district/division requisition.

113 The Council may authorize the use of two tax notices (supplementary school tax notice and municipal tax notice).

County Act:

12 When a County is established, the County Council has sole jurisdiction within the County (i.e., power over the Council or Board that represents either the municipality or the school division).

ASSESSMENT, REQUISITION AND TAXATION PRACTICES

Relevant Legislation (continued)

County Act:

22(1)(2) Population of an educational unit shall be determined:

- by census (April 1 - June 30) of the educational unit minus the number of separate school supporters in the educational unit;
- 45 days or more before the election of school representatives.

31(1) The Municipal Committee and Board of Education submit separate estimates to the County Council each year. County Council accepts/amends/rejects the estimates before adopting the County budget.

34(1)(2) The School Act governs the preparation of the estimates, the calculation and payment of the School Board requisition.

COUNTY SCHOOL FUNDS REPORT

Form:

43A - School Operating Fund Revenues (by object)
43B - School Operating Fund Expenditures (by function)
44A - School Operating Fund Balance Sheet Assets
44B - School Operating Fund Balance Sheet Liabilities
46A - School Capital Fund Finances Acquired
46B - School Capital Fund Finances Applied
47A - School Capital Fund Balance Sheet Assets
47B - School Capital Fund Balance Sheet Liabilities
45A - School Operating Fund Statement of Surplus
48A - School Capital Fund Statement of Equity in Fixed Assets

Schedule:

A - School Operating Fund Revenues - Alberta Grants Detail
1 - Details of Revenue from Alberta School Authorities
2 - Details of Educational Opportunities Fund - Revenue
3 - Educational Opportunities Fund - Expenditure
4 - Transfers to Alberta School Districts, Divisions and Counties
5 - Expenditures to Private Schools and Out-of-Province Jurisdictions
6 - Details of Early Childhood Services (Revenue)
7 - Details of Expenditures, by Objects, for Instruction
8 - Details of Expenditures by Objects for General Government Services and for Operations and Maintenance
10 - Details of Expenditures, by Objects, for Pupil Transportation
11 - Details of Expenditures on Debt Services
12 - Supplementary Requisitions
13 - Payments to Councillors, Appointed Boards and School Trustees
14 - Insurance in Force
15 - Details of Due From Provincial Government
16 - Inter-departmental Community Schools

Capital Schedule:

Schedule 1 - Projects Under Way or Completed
Schedule 2 - Overexpended Funds

COUNTY SCHOOL FUNDS REPORT

Capital Schedule:

Schedule 3 - Unexpended Funds
Schedule 4 - Capital Fund Applications
Schedule 5 - Total School Fixed Assets
Schedule 6 - Application - Transfer to Reserves
Schedule 7 - Proceeds on Disposal of Fixed Assets
Schedule 8 - Debenture Principal Repayments
Schedule 9 - Debenture Interest Due
Schedule 10 - Total Debenture Principal and Interest Due
Schedule 11 - Principal Due on Capital Loans